



CALPEEK

CALIFORNIA POLITICAL WEEK

P.O. BOX 1468, BEVERLY HILLS, CA 90213 (310)659-0205 FAX(310)657-4340
Dick Rosengarten, Publisher E-Mail calpeek@aol.com

VOL. XXV
No. 10

MAR. 10, 2003

ENERGY & POLITICS: CALIF. FILES DOCUMENTS TO SHOW FERC THAT ENERGY MARKET WAS 'GAMED.'

Editor's note: During Calif.'s energy crisis, the State had a very rocky relationship with the Federal Energy Regulatory Commission – simply known as FERC. It is FERC's job to protect consumers from energy rates which are not *just and reasonable*. On Mar. 3rd various State agencies and departments + SCE and PG&E presented 1,000 pages of documents to FERC alleging that the State's energy market was manipulated during the crisis and not only by private power companies such as Enron, but also by a number of municipal power agencies, such as the LADWP. All those named in the documents deny any wrongdoing. It will now be up to FERC to look over the documents and issue a ruling. Calif. is asking for \$7-9 billion in refunds. Here's our analysis & commentary...

... The looming war in Iraq has really taken this story off the front pages of most newspapers, but if FERC does agree to make public all of these documents, the proverbial you know what could hit the fan – especially if any of these documents are used in a Congressional hearing – but don't bet your first born...

... One of the weapons that Calif. had until the beginning of this year was the Demo controlled U.S. Senate. But that's gone now, thus causing a change in tactics. While in control of the Senate, committee chairs such as Joe Lieberman (Govt. Affairs) had the clout to persuade FERC into acting favorably toward Calif. and other Western States. Now that the Demos are out of power, few know for sure what FERC will do. Thus far, FERC has not order 1 penny in refunds and Calif. had to go to the 9th U.S. Court in order to get their hands on all these documents during a 100-day discovery period. And according to Calpeek sources, during the discovery period where there were depositions, at least 4-to-5 people took the 5th Amendment...

... Gov. Gray Davis(D), more than other politicians, has been badly mashed for his handling of the energy crisis. The chief complaint: he didn't act fast enough. But the documents which were submitted to FERC are said to show an industry-

wide pattern of cheating and fraud. Politically, if FERC sides with Calif. (and that's iffy), it would probably help Davis' reputation and job approval. If the documents are to be believed, then it wouldn't have made any difference what Davis did during 2000-01 – because of massive cheating, artificial power shortages and phony excuses for power plant shutdowns...

... FYI: although CA AG Bill Lockyer(D), Davis, the PUC and others working on the case have seen the documents, the public and the news media have not because of a FERC order of confidentiality. Davis and U.S. Sen. Dianne Feinstein(D) urged FERC to make public all the documents in the filing and on Mar. 5th FERC Chair Pat Wood lifted the protective order. Stay tuned...

MESSY POLICE SCANDAL TURNS S.F. UPSIDE DOWN. IMPACT SEEN IN THE FALL ON MAYOR & DA RACES.

Editor's note: The still unfolding scandal surrounding a Nov. 20, 2002 fight where Alex Fagan Jr. and two of his office-duty SFPD buddies assaulted two other men has San Francisco and the rest of Calif. in shock. The Fagan incident had been reported in the S.F. news media before. But when a S.F. Grand Jury on Feb. 28th indicted not only Fagan Jr. and his buddies, but also Chief Earl Sanders as well as Asst. Chief Alex Fagan Sr., 2 deputy chiefs and 3 others in the command structure – that's when all hell broke loose. The accusation against the chief and his command staff: cover-up/obstruction of justice. The story has been on the front pages of most Calif. dailies and is the biggest story to hit S.F. in years. Calpeek will focus on the politics of the scandal – especially the impact it may have on the upcoming November elections for a new mayor and on District Atty. Terrence Hallinan, the 66-year-old two-term DA who also faces voters in November. Here's our analysis...

... When the indictments were first announced, the immediate response from S.F. Mayor Willie Brown was to go after arch-rival Hallinan with a verbal nuke. Ditto the S.F. POA, Chief Sanders (S.F.'s first African American PD chief) and the attorneys for those indicted; plus others. But by middle

CALIFORNIA POLITICAL WEEK (ISSN 0195-6175) IS AN INDEPENDENT, NONPARTISAN NEWS ANALYSIS BULLETIN OF CALIFORNIA POLITICAL WEEK, INC., A CALIFORNIA CORPORATION. TELEPHONE: (310)659-0205. ADDRESS: P.O. BOX 1468, BEVERLY HILLS, CA 90213. \$95/YEAR. PUBLISHED WEEKLY, 44 WEEKS PER YEAR. COPYRIGHTED BY CALIFORNIA POLITICAL WEEK, INC. THIS TRADEMARK REGISTERED WITH THE CALIF. SECRETARY OF STATE. REPRODUCTION IN WHOLE OR IN PART REQUIRES EXPRESS PERMISSION. ALL RIGHTS RESERVED. 1ST CLASS POSTAGE PAID AT LOS ANGELES.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of the week (Mar. 3-5), the DA's office was starting to look better – especially after a team of *S.F. Chronicle* writers (Susan Sward, Jaxon Van Derbeken, Bill Wallace) wrote a 3/2/03 story detailing Fagan Jr.'s tendency to use excess force. That's the story which began to turn the political tide in Hallinan's favor. FYI: a Matier & Ross story in the *S.F. Chron* said Brown is now backing away from Chief Sanders. M&R sources say Chief Sanders went behind Brown's back to try and drag Calif. AG Bill Lockyer into the case. Lockyer's watching carefully, but Hallinan is still in charge...

... Four of the leading contenders to replace Brown as mayor are keeping a low profile. Smart move by S.F. Supes Gavin Newsom and Tom Ammiano, former Sup. Angela Alioto and City Treas. Susan Leal. Until the grand jury *transcript* is released, it's best for most to hold their political fire. The transcript may detail IF there really was a cover-up...

... Until this story broke, the key issue in the mayor's contest was about the homeless and how to deal with them. It was Newsom's political issue, as he was the author of *Prop. N* – the *Care Not Cash* ballot measure which passed with a 60% vote. A secondary issue would have been PG&E vs. public power. Now both these issues will take a back seat to public safety, rebuilding the SFPD and selecting a new chief. It's almost a given that Sanders can't stay on the job, even if he's exonerated. FYI: for now, while Chief Sanders is on medical leave, Deputy Chief Heather Fong is in charge. She is well respected in the Chinese-American community and was a protégé of former SFPD Chief Fred Lau...

... As for Hallinan, he's never had a good relationship with the S.F.P.D. or the POA and now this newest incident has really ripped the relationship to shreds. As one source told *Calpeek*, "The S.F.P.D.'s record and reputation are both questionable, but Hallinan is dreadful – but I'm not sure he's dreadful in this particular case." Another source said, "He may end up winning the battle, but lose the war." Others say if the grand jury indictments hold up, he'll survive. As of now, Hallinan will probably face old rival Bill Fazio and new rival Kamala Harris, who works for the S.F. City Attorney. She had been a rising star in the Alameda Co. DA's office. She left there to join Hallinan's staff, but quit the S.F. DA's office and went public with her gripes. Sources say she's an excellent prosecutor. On the downside, she's the ex-girlfriend of Mayor Willie Brown. These days Brown is not very popular in S.F. Harris has hired consultant Jim Stearns to run her campaign, while Hallinan's campaign will be run by Marc O'Hara of Precision Politics...

... FYI: Grand jury indictments are a risky way to make an arrest and are used only 3% of the time in felony cases.

They are typically used in corruption cases and sometimes blow up in prosecutors' faces. That's why most DAs prefer arrest warrants and a preliminary hearing. *Calpeek* sources say Hallinan's office uses grand jury indictments selectively; the most recent and successful example being the "dog mauling" case. One other note: Chief Sanders was not among the 42 witnesses who were called to testify before the grand jury. If Sander can persuade a judge at a 995 *motion hearing* that he should not have been indicted, Hallinan's case will have been weakened substantially. Sanders et al pleaded innocent or not guilty at their Mar. 4th arraignment. Stay tuned...

CAMPAIGN 2003: MAR. 4TH MUNI ELECTION RESULTS

Editor's note: Some 63 cities – mostly in L.A. County – had municipal elections Mar. 4th, including *L.A. City*. And a number of well-known incumbents did NOT survive. Some of the election returns are not final and *Calpeek* will do more analysis in the weeks ahead. Here's our report & analysis...

☒ *L.A. City* – No real shocks in Districts 2, 4, 6 and 8. Incumbents Wendy Greuel & Tom LaBonge were reelected. In District #6, former Assemblyman Tony Cardenas was an easy winner over Jose Roy Garcia. And absolutely no shock that former LAPD Chief Bernie Parks won very big (78%) in the vacant 8th District. Parks will be sworn in very soon...

◆ *14th District* – Insiders thought the contest between incumbent Councilman Nick Pacheco and former Assemblyman Antonio Villaraigosa would be tight, but Villaraigosa literally destroyed Pacheco, getting 56.5% vs. 39.7% for Pacheco. Sources say that L.A. Co. Cope (labor) had as many as 1,500 workers walking precincts for Villaraigosa. Going into the final week there were conflicting polls, but in the end it was a solid GOTV effort combined with too many early mishaps for Pacheco which did him in. A nice win for Parke Skelton & Steve Barkan...

◆ *10th District* – There will be a May 20th runoff between Deron Williams (termed out Councilman Nate Holden's top aide) and former labor leader Martin Ludlow. Williams finished 1st with 39.3% vs. 25.9% for Ludlow. What really surprised insiders was the collapse of Madison Shockley, who managed only 10.8% and finished 4th behind former Assemblyman Rod Wright (11.1%). Ludlow's 2nd place finish was aided by a big GOTV push by labor. Had Ludlow not made runoff, it could have meant big trouble for L.A. Co. labor leader Miguel Contreras...

◆ *12th District* – Another May 20th runoff in this Valley district now represented by termed out Councilman Hal Bernson. Bernson's COS Greig Smith finished 1st with 33.6% and will face LAUSD Board member Julie Koren-

CALPEEK – P.O. BOX 1468, BEVERLY HILLS, CA 90213

stein (27.9%), who edged past former Assemblywoman Paula Boland (24.4%). Boland just didn't have the resources of either Smith or Korenstein...

☒ **West Hollywood** – The results were exactly as most *Calpeek* sources had predicted: incumbent John Heilman and former Councilwoman Abbe Land were easy winners and the crunch came down to Councilmembers Sal Guarriello vs. Steve Martin. Martin lost. Consultant Steve Afriat handled mail for Guarriello. Big loser: Assemblyman Paul Koretz (D-West Hollywood), who backed Martin...

☒ **Beverly Hills** – Incumbent Councilwoman Meralee Goldman is out, as newcomers Steve Webb and Jimmy Delshad both got elected to the council...

☒ **El Monte** – Incumbent Mayor Rachel Montes was knocked off by Ernest Gutierrez...

☒ **Gardena** – Incumbent Councilman Paul Tanaka was reelected with 40% and newcomer Oscar Medrano also won a council seat. Not making it to the council was Gardena City Clerk Rachel Johnson...

☒ **Pasadena** – Incumbent Mayor Bill Bogaard was reelected with 85% and incumbent Councilmembers Paul Little and Joyce Streater were reelected as well. Stay tuned...

THE DAVIS RECALL: RUMORS, RUMORS, RUMORS.
Editor's note: One of the toughest things to do in covering this recall effort aimed at CA Gov. Gray Davis (D) is to separate rumor from reality. Here's our brief update & analysis...

◆ **Rumor #1** – The White House will help fund the recall. This rumor has been making the rounds for the past 2 weeks. According to conservative columnist and CNN political analyst Robert Novak, the WH won't be involved. Too many other things on Karl Rove's plate...

◆ **Rumor #2** – Paid petition circulators are about to hit the street. Wrong. The recall won't be managed by Arno Political Consultants – the savvy petition mgrs. based in Sacto, according to a story in the *S.F. Chron.* They say they don't do recall campaigns. And our sources say other Calif.-based petition firms also are not available. Paid ground troops who collect signatures are an absolute must!!!

◆ **Rumor #3** – The CA Republican Party has kicked in \$250,000 to support the recall. While delegates at the

February state convention did vote to support the recall, the CRP itself is broke and has laid off staff. According to CRP sources, there's been *no donation* of any kind to the infant recall drive – thus far. And lobbyists in Sacto have made it known if the CRP puts any money into this recall, the lobbyists will pull the plug on GOP legislative candidates in 2004...

◆ **Rumor #4** – If the recall makes it to the November 2003 ballot, the Demos will ask a caretaker candidate to run – to avoid a nasty battle between Demo AG Bill Lockyer, CA Treas. Phil Angelides and Lt. Gov. Cruz Bustamante. It's gossip only at this point, although insiders have mentioned the name of at least one potential caretaker candidate: former Clinton COS/Congressman Leon Panetta (D)...

◆ **Rumor #5** – If the recall makes the ballot, Demos will retaliate against GOP Legislators. This one may be true. *Calpeek* sources at the CA Demo Party confirm that if the recall qualifies, it's likely Demos will respond with local recalls aimed at 4-6 GOP legislators. Remember: fewer signatures are required to recall a legislator than a governor. Bob Mulholland, political advisor to the CDP, told *Calpeek*, "Demos won't be sitting in their bunkers taking bullets. We'll be shooting back." Stay tuned...

CAMPAIGN 2004: UPDATE ON LEGISLATIVE RACES.
Editor's note: Here is *Part V* in our continuing series of updates about U.S. House and Calif. Legislative primaries in 2004...

☒ **13th SD** – This is the Santa Clara Co. district now represented by one of the CA Legislature's institutions: State Sen. John Vasconcellos (D), who was first elected to the Assembly in 1966. Before that he was an aide to the late Gov. Pat Brown (D). The 13th SD is Demo turf, meaning GOPers need not apply. Two strong Demos are taking aim in Vasco's SD: current Assemblyman Manny Diaz and former Assemblywoman Elaine Alquist. Vasco at this point is neutral, but a number of well known Demos are beginning to take sides...

... On Diaz's side are Santa Clara Co. Sup. Blanca Alvarado; San Jose Councilmembers Cindy Chavez, Nora Campos and Terry Gregory. Diaz counts 13 current members of the Assembly Demo Caucus as endorsers, including Speaker Herb Wesson. Also in support are Senate Whip Richard Alarcon and Sen. Gil Cedillo. Sacto-based Kaufman Campaign Consultants is running the campaign. Several sources describe Diaz as a very tough campaigner who he isn't afraid of the better-known Alquist name...

...Siding with Alquist are former San Jose Mayor Susan Hammer, Santa Clara Mayor Pat Mahan, Sunnyvale Mayor Julia Miller and Santa Clara Co. Sup. Pete McHugh. Alquist's campaign team includes Trippi, McMahon & Squier (media), Centaur North (mail) and Fairbank Maslin Maullin (polling). Alquist reports about \$242,000 cash on hand in her Senate account...

☒ **17th SD Update** – In his campaign to replace termed out State Sen. Pete Knight(R-Palmdale), former Assemblyman George Runner(R) has picked up endorsements from both Knight and GOP Senate Leader Jim Brulte. Runner now has support from 8 State Senators and 24 GOP Assemblymembers. Runner is also beginning to pick up support from locals in the San Bernardino portions of this SD, including 1st Dist. Sup. Bill Postmus; Hesperia Mayor Dennis Nowicki, Victorville Mayor Terry Caldwell + 4 Victorville councilmembers. The San Berdu area of the 17th SD is important to Runner because his *potential* rival is former GOP Assemblyman Keith Olberg of Victorville. Stay tuned...

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Calpeek's Legal File** – Former Compton Mayor Omar Bradley, current Compton City Mgr. John D. Johnson II + Councilmembers Delores Zurita, Yvonne Arce-neaux and Amen Rahh were arrested Mar. 3rd on charges of misusing public funds. The charged were brought by the L.A. Co. DA's office and centered on misuse of city credit cards for personal use. Like the S.F. police scandal, these arrests were as a result of grand jury indictments...

■ **Will She or Won't She** – Another interesting scoop by the S.F. Chron's Carla Marinucci, who reported Feb. 27th that national security advisor Condoleezza Rice will NOT run against U.S. Sen. Barbara Boxer(D) in 2004, but will take a look at running for CA governor in 2006...

■ **Full Metal Jacket** – U.S. Atty. General John Ashcroft's DOJ is on the warpath against Randy Rossi, chief of Calif. AG Bill Lockyer's firearms division. The U.S. DOJ has threatened to arrest Rossi if his department continues to use the U.S. DOJ's federal firearms databank to track down people who shouldn't possess guns. The beef by the feds is that they don't think the CA DOJ should use the database – the database is for gun dealers to determine if a potential buyer should be allowed to own a gun. Calif. is in the process of developing its own

gun database – something that has been pushed for a long time by gun guru and legislative staffer Irwin Nowick...

■ **Legislative GOP Submits Budget Plan** – Key elements unveiled Feb. 27th include an across the board spending cut of 7% (on top of Gov. Davis' \$13 billion in cuts); and rolling over \$3 billion in debt to the next budget. No tax hikes and no roll back of the VLF (car tax) to 1998 levels. Demo reaction was predictable, but now both sides have something to discuss. FYI: although Demos seem to like the idea of rolling over part of the debt to 2004-05, this may not be possible without a public vote, sources say...

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

● A sad note: Asst. L.A. City Atty. Tony Alperin died Feb. 27th of a heart attack. He was 56. In 1995 Alperin was named Public Lawyer of the Year by the State Bar Assn. He was an expert in election law. R.I.P...

● Former Assemblywoman Dion Aroner(D) has joined UC Berkeley as Legislator-in Residence. She'll work with policy makers, public advocacy groups and the Inst. of Govt. Studies...

● Doug Winslow has moved his American Data Management firm to 22400 Skyline Blvd., #2, La Honda, CA 94020. (650)949-4700...

● Former CHP Comm. Glen Craig has been named executive director of the CA Alliance for Public Safety Communications(CAPSC)...

● Ed Casey has been named managing partner of the L.A. and Ventura Co. offices of Weston, Benshoof, Rochefort, Rubalcava & MacCuish LLP...

● Naz Keynejad has been named president of the L.A. chpt. of the Nat'l Women's Political Caucus(NWPC). Keynejad is president Western Direct, Inc...

● P/A strategist Steven Gottlieb has joined the Dewey Square Group's S.F. office. He comes to DSG from the Bay Area Council. DSG has Calif. offices in S.F. and Sacramento. Karen Skelton leads DSG's Calif. practice...

● U.S. Rep. Brad Sherman(D-Sherman Oaks) is now the ranking Demo on the new U.S. House Subcm. on Internat'l Terrorism...